## **EXHIBIT T**

A. RALLIS

## 1992 DIVIDEND SCALES

## Preliminary Discussion Points

- Responses to Schedule M, Question 10, demonstrate that most companies share our concerns.

  - "DAC tax" Declining interest rates (b)
  - Worsening mortality
- We could compensate for the "DAC tax" by (2) vidends by about \$12 million year (although there additional \$24 million impact on surplus
- On the 1982 and later business, clond credited rate from 10.00% to 9.50% wo \$8 million in 1991, growing to \$18 million
- Observed mortality continues to be work expectation on 1974-1986 business, especially layles, suggesting the need for additional mortality charges perhaps \$20 million.
- ienok" Thus, in terms of the cheerved we could justify dividend reductions on the order of \$40 million. This would particularly impact the reductions. To maintain scaler at the same topregate level, we could increase distributable rates on older business (including Industrial) dr planned earnings.
- The real question, them is wither the aggregate level of earnings and surplus warrants if reduction in the amount distributed to policyholdess. Our recent, and projected, earnings on organions continue to exceed the "goals" that we consider necessary for a mutual insurer. However, earnings on surplus are will low, and surplus has started to decline as a percentage of assets.
- We also recognize that a reduction in PI dividends is an available mechanism to improve overall corporate financials. If necessary, we are prepared to contribute toward any corporate earnings shortfall, in conjunction with all other available alternatives.
- (8) Responses to Schedule M. Question 1(c), demonstrate that most of our competitors have recently implemented scale reductions.

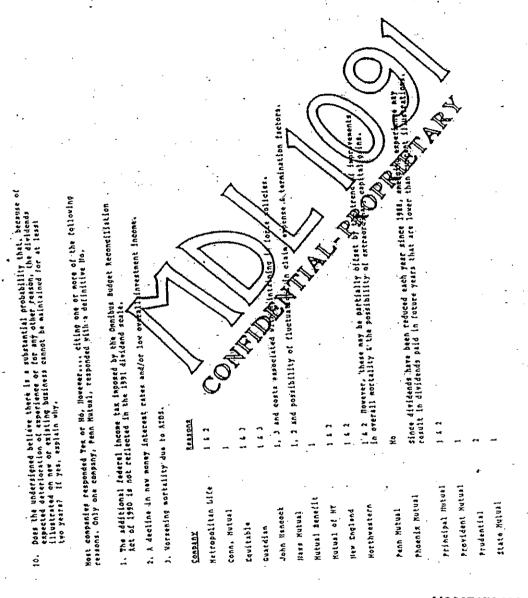
Michael Levine Actuary.

May 10, 1991

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